the aid of a reserve account (p. 71), would be to add a complexity which scarcely seems justifiable. Neither does it make for clearness to use "reserve account" and "reserve fund" as two distinct accounts, with almost the same name, to represent two entirely different kinds of provision for financial contingencies (pp. 172-173). Errors in the use of words or phrases are not uncommon: "only showing" (p. 3) should be "showing only"; "inversely" (p. 94) should be "conversely"; "direct" and "effecting" (p. 177) should be "directly" and "affecting." The sentence beginning, "It is also possible" (p. 101) is incomplete. Such phrases as "the day of its final *discard*" (p. 116), the "*effluxion* of time" (pp. 86, 114, 128, 166), etc., should have been altered.

The purpose for which this work was written is more admirably served by other works, such as those of Greendlinger, Hatfield, Hyans, and Cole.

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Die Finanzierung nordamerikanischer Eisenbahngesellschaften. By Ernst Picard. (Jena: Verlag von Gustav Fischer. 1912. Pp. 196. 6 m.)

The aim of this book is to present for the consideration of German investors and governmental authorities a descriptive statement of the history and methods of American railroad finance. The subject was suggested to the author by the attitude of the German government, which is hostile to the investment of capital in foreign undertakings upon the ground that it tends to weaken the market for the securities of the government and also of domestic enterprises. The study was based upon a bibliography of something less than a hundred titles, representing the books of European writers, United States documents, and such books of American writers as were available. There are practically no specific references to sources.

In the introductory chapter is presented the significance of American railroad securities to the stock markets of Europe and America, with a brief statement of the distribution of such securities. To the American reader this chapter will be the one of most interest. Unfortunately it is too brief and too general in its discussion of European holdings; but since the book is not addressed to American readers, this cannot be counted a defect. Detailed attention is given to the legal status of railroad cor-

porations, and to the nature and extent of the support obtained by promoters. Here are two chapters in which the author has followed American writers so closely as to approach the limit of propriety. Not only is there liberal use of the paraphrase, but there are not a few instances of literal translation. Shares and bonds are considered in two carefully prepared chapters which cover familiar ground. Next is a brief but excellent discussion of the part played by financial institutions and syndicates in the issuance of securities, and a detailed consideration of consolidation. These chapters are followed by a brief description of equipment bonds and income bonds. Reorganization is treated in some detail, and full credit is given to the work of Dr. Daggett for materials. Attention is then directed to convertible bonds and short-term notes and their effect upon the investor. The final chapter is concerned with the report of the Railroad Securities Commission.

As has been said, the method of treatment is historical and descriptive. The author has stated the facts as he found them, and he has not attempted either to praise or to condemn. The result is a manual which should be of distinct service to the German investor, but one which will add little to the knowledge of the American student who is interested in the general subject of European investments in American railroad securities.

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Depreciation and Wasting Assets and Their Treatment in Assessing Annual Profit and Loss. (See American Economic Review, vol. III, p. 387.)

The reason that, in accounting, the book values of wasting assets should not be marked either up or down to follow the market price of similar property, is that the property represented by the wasting assets is never in the market for sale when once it has been acquired and dedicated to the use of a particular undertaking and thus subsequent fluctuations in the market price of similar property do not affect the question of depreciation. An undertaking using wasting assets is, and for accounting purposes must always be treated as, a going concern; and a going concern will apply its wasting assets to the purposes for which they were acquired, and will not act as a dealer in the purchase and sale of such property for profit. Therefore, after the purchase of wast-